

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

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February 25, 2003

**FROM: ALAN K. MARKS**  
County Counsel

**JOHN F. MICHAELSON**  
County Administrative Officer

**SUBJECT: CONTRACT FOR LEGAL SERVICES RE COUNTY RETIREMENT PLAN AND  
IMPACT OF INTERNAL REVENUE CODE**

**RECOMMENDATION:** Approve contract in an amount not to exceed \$30,000 with the Law Firm Hanson, Bridgett, Marcus, Vlahos, and Rudy, LLP, for legal services relative to the County Retirement Plan and impact of Internal Revenue Code.

**BACKGROUND INFORMATION:** Internal Revenue Code (IRC) sections 401(a)(17) and 415 limit the retirement benefits a retiree may receive from the County's retirement plan. These limitations affect prospective retirees who became members of the County's retirement system on or after January 1, 1990. These limitations may operate to reduce or restrict retirement benefits otherwise payable. To date, County employees and retirees have not been impacted by the current limits; however, it is anticipated that such limits will impact employees in the near future. Attorney Robert Blum with the above-mentioned law firm has developed Replacement Benefits Plans for numerous public agencies to address the IRC limits, including CalPERS, the University of California, as well as several California counties and cities.

**REVIEW BY OTHERS:** The proposed action has been reviewed and approved as to legal form by County Counsel (Ruth Stringer, Chief Deputy County Counsel) on February 14, 2003 and has been reviewed by the County Administrative Office (Katrina Turturro, Administrative Analyst ) on February 14, 2003.

**FINANCIAL IMPACT:** The proposed contract has a maximum expenditure of \$30,000 and will be paid from the litigation budget unit, which covers outside attorney costs.

**COST REDUCTION REVIEW:** The County Administrative Office recommends this action as it potentially impacts the welfare of our employees as regards to their retirement benefits.

**SUPERVISORIAL DISTRICT(S):** All

**PRESENTERS:** Alan K. Marks, 387-5459, and John F. Michaelson, 387-5417

Record of Action of the Board of Supervisors

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